

AR48

36  
JL

# ANGLO-SCANDINAVIAN INVESTMENT CORPORATION OF CANADA

*Eleventh Annual Report*

FOR THE YEAR ENDED 30th APRIL, 1966



# ANGLO-SCANDINAVIAN INVESTMENT CORPORATION OF CANADA

## BOARD OF DIRECTORS

FRANK H. BROWN	WILLIAM F. JAMES, PH.D.
MICHAEL H. CRICHTON	GEOFFREY OSMINT
NORMAN F. W. H. D'ARCY	SIR LEONARD PATON
HON. GEORGE B. FOSTER, Q.C.	STANLEY M. WEDD
EDWARD D. FRASER	HAVARD J. WILLIAMS
JOCELYN HAMBRO	SIR EDWARD WILSHAW

## OFFICERS

STANLEY M. WEDD . . . . .	<i>Chairman of the Board</i>
NORMAN F. W. H. D'ARCY . . . . .	<i>President</i>
J. B. L. THOMAS . . . . .	<i>Secretary-Treasurer</i>

## MANAGERS

LOCANA SECURITIES LTD. . . . .	Toronto
--------------------------------	---------

## TRANSFER AGENTS AND REGISTRARS

### COMMON SHARES:

NATIONAL TRUST COMPANY, LIMITED . . . . .	Montreal and Toronto
LOCANA CORPORATION (LONDON) LIMITED . . . . .	Transfer Agent—London, England
CANADIAN IMPERIAL BANK OF COMMERCE . . . . .	Registrar—London, England

### PREFERRED SHARES:

NATIONAL TRUST COMPANY, LIMITED . . . . .	Montreal, Toronto and Vancouver
---	---------------------------------

## BANKERS

CANADIAN IMPERIAL BANK OF COMMERCE . . . . .	Toronto
HAMBROS BANK LIMITED . . . . .	London, England

## SOLICITORS

FOSTER, WATT, LEGGAT & COLBY . . . . .	Montreal
--	----------

## AUDITORS

CLARKSON, GORDON & CO. . . . .	Toronto
--------------------------------	---------

## CUSTODIAN

CANADIAN IMPERIAL BANK OF COMMERCE . . . . .	Toronto
--	---------

## OFFICES OF THE COMPANY

HEAD OFFICE: SUITE 3301-1155 DORCHESTER BLVD. WEST, MONTREAL	
EXECUTIVE OFFICE: 25 KING STREET WEST, TORONTO	

**ANGLO-SCANDINAVIAN INVESTMENT CORPORATION OF CANADA**  
 AND ITS WHOLLY-OWNED SUBSIDIARY  
**ANGLO-SCANDINAVIAN SECURITIES LTD.**

**SUMMARY OF RESULTS FOR THE YEAR ENDED APRIL 30, 1966**

(With comparative figures for the year ended April 30, 1965)

	<u>1966</u>	<u>1965</u>
Total net assets:		
Book value - - - - -	\$16,137,441	\$11,206,299
Market value - - - - -	\$20,113,174	\$15,802,477
Per common share (1966 - 979,550 shares; 1965 - 783,640 shares) - - - - -	\$17.98*	\$20.17
Dividend income - - - - -	\$ 540,647	\$ 482,657
Interest income - - - - -	\$ 32,042	\$ 8,720
Net earnings (after taxes) - - - - -	\$ 464,689	\$ 385,638
Per common share (1966 - 979,550 shares; 1965 - 783,640 shares)		
Earned - - - - -	\$0.445*	\$0.49
Paid - - - - -	\$0.40	\$0.40
Net gain realized on portfolio changes - - - - -	\$ 367,080	\$ 384,498

\*After giving effect to the interest of holders of the 5½% cumulative redeemable preferred shares.

**ANGLO-SCANDINAVIAN INVESTMENT CORPORATION OF CANADA**  
 AND ITS WHOLLY-OWNED SUBSIDIARY  
**ANGLO-SCANDINAVIAN SECURITIES LTD.**

**PORTFOLIO ANALYSIS AS AT APRIL 30, 1966**

	<u>Number of Holdings</u>	<u>Approximate Market Value</u>	<u>% of Total Portfolio</u>
DEBENTURE STOCK -	- - - - -	2	\$ 49,900
PREFERRED SHARES -	- - - - -	4	<u>264,400</u>
		<u>\$ 314,300</u>	<u>1.3</u>
COMMON SHARES			<u>1.6%</u>
1. Financial Institutions			
(a) Banks - - - - -	- - - - -	5	\$ 963,300
(b) Hire Purchase Finance - - - - -	- - - - -	2	102,400
(c) Other - - - - -	- - - - -	2	<u>14,400</u>
Total - - - - -	- - - - -	<u>\$ 1,080,100</u>	<u>5.4%</u>
2. Consumer Goods and Services			
(a) Breweries and Distilleries - - - - -	- - - - -	3	\$ 701,100
(b) Food Processing and Packaging - - - - -	- - - - -	3	483,500
(c) Newspapers, Printing and Advertising - - - - -	- - - - -	3	663,900
(d) Public Utilities - - - - -	- - - - -	4	1,394,100
(e) Retail Stores - - - - -	- - - - -	1	<u>286,300</u>
Total - - - - -	- - - - -	<u>3,528,900</u>	<u>17.5</u>
3. Manufacturing Industries			
(a) Construction and Supplies - - - - -	- - - - -	2	\$ 4,700
(b) Engineering - - - - -	- - - - -	1	63,000
(c) Iron and Steel - - - - -	- - - - -	2	615,000
(d) Miscellaneous - - - - -	- - - - -	3	<u>517,000</u>
Total - - - - -	- - - - -	<u>1,199,700</u>	<u>6.0</u>
4. Natural Resources			
(a) Mines and Metals - - - - -	- - - - -	11	\$9,439,600
(b) Oil, Gas and Pipelines - - - - -	- - - - -	5	882,400
(c) Pulp and Paper - - - - -	- - - - -	6	<u>1,912,600</u>
Total - - - - -	- - - - -	<u>12,234,600</u>	<u>60.8</u>
<b>TOTAL COMMON STOCKS</b> -	- - - - -	<u>\$18,043,300</u>	<u>89.7%</u>
<b>TOTAL INVESTMENTS</b> -	- - - - -	<u>\$18,357,600</u>	<u>91.3%</u>
<b>NET CURRENT ASSETS</b> -	- - - - -	<u>1,755,574</u>	<u>8.7</u>
<b>TOTAL NET ASSETS</b> -	- - - - -	<u>\$20,113,174</u>	<u>100.0%</u>

# ANGLO-SCANDINAVIAN INVESTMENT CORPORATION OF CANADA

## TO THE SHAREHOLDERS:

The accompanying financial statements show the results of your Company for the year which ended on April 30, 1966.

Additional funds were provided during the year by the sale of common shares by way of rights to existing shareholders on the basis of one new share at \$11 per share for each four held and by the sale of 100,000 5½% Series "A" cumulative redeemable preferred shares of \$25 par value at par. At the year-end the market value of the total net assets of your Company amounted to \$20,113,174 compared with their book value of \$16,137,441. On a per share basis, allowing for the issue of additional common and preferred shares, the total net assets at April 30, 1966, were equal to \$17.98 per common share.

Notwithstanding that your Company had the benefit of the additional funds raised for only part of the year total net earnings increased to \$464,689 after taxes. This is equivalent to 44.5¢ per share (after the initial dividend on the preferred shares) on the 979,550 shares outstanding at the year-end and compares with earnings of 49¢ per share a year earlier on the 783,640 shares then outstanding. Total dividends paid during the year to common shareholders amounted to \$367,332 compared with \$313,456 in the previous year. On a per share basis payments amounted to 40¢ per share, of which the final of 27½¢ per share was paid on the increased capital.

The investment policy of your Directors continues to place emphasis on the natural resources, especially mines and metals. As you will see from the accompanying analysis of the portfolio holdings in companies engaged in mining now represent 46.9% of the total portfolio by market values. However, reflecting the uncertain state of the stock market, the Directors considered it prudent to maintain a larger liquidity reserve than usual in the latter part of the year and net current assets amounted to 8.7% of the total net assets at the year-end.

During the year a wholly-owned subsidiary, Anglo-Scandinavian Securities Ltd. was formed. Its purpose is to be able to take advantage of opportunities to make short-term investments as they may occur from time to time.

S. M. WEDD,  
*Chairman of the Board.*

June 14, 1966  
Toronto, Ontario.

**ANGLO-SCANDINAVIAN INVESTMENT CORPORATION OF CANADA**  
AND ITS WHOLLY-OWNED SUBSIDIARY  
**ANGLO-SCANDINAVIAN SECURITIES LTD.**

**AUDITORS' REPORT**

To the Shareholders of

**ANGLO-SCANDINAVIAN INVESTMENT CORPORATION OF CANADA:**

We have examined the consolidated balance sheet of Anglo-Scandinavian Investment Corporation of Canada and its wholly-owned subsidiary, Anglo-Scandinavian Securities Ltd. as at April 30, 1966 and the statements of consolidated earnings, contributed surplus and earned surplus for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us, and as shown by the books of the companies, the accompanying consolidated balance sheet and statements of consolidated earnings, contributed surplus and earned surplus are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the companies as at April 30, 1966 and the results of their operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

May 17, 1966.  
Toronto, Canada,

**CLARKSON, GORDON & CO.,**  
*Chartered Accountants.*

# ANGLO-SCANDINAVIAN INVESTMENT CORPORATION OF CANADA

(Incorporated under the laws of Quebec)

AND ITS WHOLLY-OWNED SUBSIDIARY

## ANGLO-SCANDINAVIAN SECURITIES LTD.

### CONSOLIDATED BALANCE SHEET AS AT APRIL 30, 1966

(With comparative figures as at April 30, 1965)

#### ASSETS

<u>1965</u>	<u>1966</u>
Current:	
\$ 3,456	\$ 77,611
Cash - - - - -	1,692,668
Short-term notes, at cost - - - - -	45,282
Trading securities, at average cost (approximate market value \$42,000) (schedule A) - - - - -	25,494
Accrued interest and dividends receivable - - - - -	\$ 1,841,055
TOTAL CURRENT ASSETS - - - - -	\$ 55,483
Investments at average cost: (approximate market value 1966, \$18,357,600; 1965, \$15,843,800) (schedule B)	
\$ 15,900	\$ 56,200
87,500	293,772
11,144,222	14,028,613
\$11,247,622	\$14,378,585
\$11,303,105	\$16,219,640

#### LIABILITIES

Current:	
\$ 8,864	\$ 13,039
87,942	37,433
	28,630
	3,097
TOTAL CURRENT LIABILITIES - - - - -	\$ 82,199
Shareholders' equity:	
Capital (note 2)—	
Authorized: 200,000 redeemable preferred shares of \$25 par value each, issuable in series 2,000,000 common shares of \$5 par value each	
Issued: 100,000 5½% cumulative preferred shares Series A, redeemable at premium of 5½% - - - - -	2,500,000
979,550 common shares (1965—783,640 shares) - - - - -	4,897,750
Contributed surplus - - - - -	3,176,862
Earned surplus - - - - -	5,562,829
TOTAL SHAREHOLDERS' EQUITY - - - - -	\$16,137,441
	\$16,219,640

On behalf of the Board:

S. M. WEDD, *Director*

E. D. FRASER, *Director*

See accompanying notes to the financial statements

**ANGLO-SCANDINAVIAN INVESTMENT CORPORATION OF CANADA**  
 AND ITS WHOLLY-OWNED SUBSIDIARY  
**ANGLO-SCANDINAVIAN SECURITIES LTD.**

**STATEMENT OF CONSOLIDATED EARNINGS FOR THE YEAR ENDED APRIL 30, 1966**  
 (With comparative figures for 1965)

<u>1965</u>		<b>INCOME</b>	<u>1966</u>	
\$ 482,657		Dividends (note 3) - - - - -	\$ 540,647	
8,720		Interest - - - - -	32,042	
		Profit on security trading - - - - -	974	
<u>\$ 491,377</u>			<u>\$ 573,663</u>	
<b>EXPENSE</b>				
\$ 59,548		Management fees - - - - -	\$ 70,503	
19,952		Interest - - - - -	4,627	
12,000		Directors' fees - - - - -	12,000	
2,325		Audit and legal - - - - -	1,550	
5,000		Executive remuneration - - - - -	7,050	
5,114		General - - - - -	7,494	
<u>\$ 103,939</u>			<u>\$ 103,224</u>	
\$ 387,438		Earnings before income taxes - - - - -	\$ 470,439	
1,800		Income taxes - - - - -	5,750	
<u>\$ 385,638</u>		Net earnings for the year - - - - -	<u>\$ 464,689</u>	

**STATEMENT OF CONSOLIDATED CONTRIBUTED SURPLUS FOR THE YEAR ENDED  
 APRIL 30, 1966**

<u>1965</u>		(With comparative figures for 1965)	<u>1966</u>	
\$ 1,024,687		Balance, beginning of year - - - - -	\$ 2,161,077	
		Add:		
1,175,460		Premium received on common shares issued during year - - - - -	1,175,460	
<u>\$ 2,200,147</u>			<u>\$ 3,336,537</u>	
		Deduct:		
39,070		Share issue expenses - - - - -	159,675	
<u>\$ 2,161,077</u>		Balance, end of year - - - - -	<u>\$ 3,176,862</u>	

**STATEMENT OF CONSOLIDATED EARNED SURPLUS FOR THE YEAR ENDED APRIL 30, 1966**  
 (With comparative figures for 1965)

<u>1965</u>		<u>1966</u>	
\$ 4,670,342		Balance, beginning of year - - - - -	\$ 5,127,022
		Add:	
385,638		Net earnings for the year - - - - -	464,689
384,498		Net gain realized on investment portfolio changes during the year - - - - -	367,080
<u>\$ 5,440,478</u>			<u>\$ 5,958,791</u>
		Deduct: Dividends declared -	
\$ 313,456		Preferred shares (28.63 cents per share) - - - - -	28,630
<u>\$ 313,456</u>		Common shares (40 cents per share) - - - - -	<u>\$ 367,332</u>
<u>\$ 5,127,022</u>			<u>\$ 395,962</u>
		Balance, end of year - - - - -	<u>\$ 5,562,829</u>

See accompanying notes to the financial statements

# **ANGLO-SCANDINAVIAN INVESTMENT CORPORATION OF CANADA**

AND ITS WHOLLY-OWNED SUBSIDIARY  
**ANGLO-SCANDINAVIAN SECURITIES LTD.**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS APRIL 30, 1966**

### **1. WHOLLY-OWNED SUBSIDIARY COMPANY**

During the year the company invested \$25,000 in common shares of Anglo-Scandinavian Securities Ltd., a newly-incorporated, wholly-owned subsidiary. The accounts of the subsidiary for the period from the date of its incorporation to April 30, 1966 are included in the accompanying consolidated financial statements for the year ended on that date.

### **2. SHARE CAPITAL**

In October 1965, the company issued rights entitling shareholders to purchase one share of the capital stock of the company at \$11 per share for every four shares held. All of the rights were exercised and 195,910 shares were issued for a total cash consideration of \$2,155,010. The excess (\$1,175,460) of the total consideration over the par value of the shares issued was added to contributed surplus and share issue expenses deducted therefrom.

In February, 1966, the company obtained supplementary letters patent confirming the following changes in the authorized share capital:

- (1) increasing the authorized capital by the creation of 200,000 preferred shares of \$25 par value each, issuable in series; and
- (2) designating 100,000 of the said preferred shares as 5½% cumulative redeemable preferred shares Series A.

In February, 1966 100,000 5½% cumulative redeemable preferred shares Series A of \$25 par value each were sold at par. Share issue expenses of \$125,087 in connection with the issue were charged to contributed surplus.

### **3. DIVIDEND INCOME**

The company's policy is to record dividends as income as of the date that the related shares become quoted on an ex-dividend basis. One of the company's security holdings which in the past has been quoted ex-dividend on April 30 was not so quoted until May in 1966. Accordingly, the related quarterly dividend of \$36,000 is excluded from income in the accompanying statement of consolidated earnings for the year ended April 30, 1966.

**ANGLO-SCANDINAVIAN INVESTMENT CORPORATION OF CANADA**  
AND ITS WHOLLY-OWNED SUBSIDIARY  
**ANGLO-SCANDINAVIAN SECURITIES LTD.**

**SCHEDULE A**

**TRADING SECURITIES AS AT APRIL 30, 1966**  
(HELD BY ANGLO-SCANDINAVIAN SECURITIES LTD.)

<i>Number of Shares</i>														<i>Approximate Market Value</i>
150	Falconbridge Nickel Mines Limited	-	-	-	-	-	-	-	-	-	-	\$	15,000	
200	Noctin Investment Corporation Ltd.	-	-	-	-	-	-	-	-	-	-		1,800	
2,000	Power Corporation of Canada, Limited	-	-	-	-	-	-	-	-	-	-		25,200	
												\$	42,000	

— · · · —

**ANGLO-SCANDINAVIAN INVESTMENT CORPORATION OF CANADA**  
 AND ITS WHOLLY-OWNED SUBSIDIARY  
**ANGLO-SCANDINAVIAN SECURITIES LTD.**

**SCHEDULE B**

**INVESTMENT PORTFOLIO AS AT APRIL 30, 1966**  
 (HELD BY ANGLO-SCANDINAVIAN INVESTMENT CORPORATION OF CANADA)

<i>Principal Amount</i>		<i>Approximate Market Value</i>
<b>DEBENTURE STOCK</b>		
	The White Pass and Yukon Corporation Limited —	
\$53,250	5% debenture stock 1966-76 - - - - -	\$ 36,300
20,000	4½% first debenture stock 1966-76 - - - - -	13,600
		<hr/> \$ 49,900
<i>Number of Shares</i>		
<b>PREFERRED SHARES</b>		
308	Candiac Development Corporation — 5%, \$100 par value - - - - -	\$ 30,800*
3,000	International Utilities Corporation — \$1.32 U.S. - - - - -	97,900
4,750	MacMillan, Bloedel Limited — 3%, \$1 par value - - - - -	4,800*
£77,000	Canadian Pacific Railway Company — 4% stock - - - - -	130,900
		<hr/> \$ 264,400
<b>COMMON SHARES</b>		
Financial Institutions —		
2,000	Bank of Montreal - - - - -	\$ 120,200
2,222	The Bank of Nova Scotia - - - - -	154,400
200	Betrust Investment Corporation Ltd. - - - - -	4,700
5,000	Canadian Imperial Bank of Commerce - - - - -	326,300
6,000	Canadian General Securities Limited — Class "A" - - - - -	72,000
2,000	Redhill Investment Corporation Ltd. - - - - -	9,700
3,000	The Royal Bank of Canada - - - - -	223,500
2,250	The Toronto-Dominion Bank - - - - -	138,900
2,700	Traders Finance Corporation Limited — Class "A" - - - - -	30,400
		<hr/> \$ 1,080,100
<i>Forward</i> —		

\*Unquoted securities — shown at cost.

**ANGLO-SCANDINAVIAN INVESTMENT CORPORATION OF CANADA**  
 AND ITS WHOLLY-OWNED SUBSIDIARY  
**ANGLO-SCANDINAVIAN SECURITIES LTD.**

**INVESTMENT PORTFOLIO AS AT APRIL 30, 1966**  
 (HELD BY ANGLO-SCANDINAVIAN INVESTMENT CORPORATION OF CANADA)

<i>Number of Shares</i>		<i>Approximate Market Value</i>
<b>COMMON SHARES (Cont'd)</b>		
Consumer Goods and Services —		
10,925	The Bell Telephone Company of Canada -	\$ 598,100
5,000	British Columbia Telephone Company -	357,500
8,000	Calgary Power Ltd. -	218,000
4,000	Canada and Dominion Sugar Company Limited -	95,000
3,500	Canada Packers Limited — Class "A" -	287,000
5,000	Canadian Breweries Limited -	35,600
16,000	Distillers Corporation — Seagrams Limited -	568,000
7,000	International Utilities Corporation -	220,500
3,000	Molsons Breweries Limited — Class "A" -	97,500
3,500	Moore Corporation Limited -	298,400
12,000	Neon Products of Canada Limited -	96,000
7,000	The Ogilvie Flour Mills Company, Limited -	101,500
10,000	Simpsons, Limited -	286,300
7,000	Southam Press Limited -	269,500
		<u>\$ 3,528,900</u>
Manufacturing Industries —		
5,000	Canada Steamship Lines, Limited -	\$ 183,700
4,000	Canadian Pacific Railway Company -	233,500
3,500	Canadian Vickers, Limited -	63,000
546	Candiac Development Corporation -	4,100*
546	Candiac Nurseries Ltd. -	600*
12,000	Dominion Foundries & Steel Limited -	303,000
13,000	Steel Company of Canada, Limited -	312,000
9,500	The White Pass and Yukon Corporation Limited -	99,800
		<u>\$ 1,199,700</u>

\*Unquoted securities — shown at cost.

**ANGLO-SCANDINAVIAN INVESTMENT CORPORATION OF CANADA**  
 AND ITS WHOLLY-OWNED SUBSIDIARY  
**ANGLO-SCANDINAVIAN SECURITIES LTD.**

**INVESTMENT PORTFOLIO AS AT APRIL 30, 1966**  
 (HELD BY ANGLO-SCANDINAVIAN INVESTMENT CORPORATION OF CANADA)

<u>Number of Shares</u>		<u>Approximate Market Value</u>
<b>COMMON SHARES (Cont'd)</b>		
Natural Resources —		
2,000	The Alberta Gas Trunk Line Company Limited — Class "A"	\$ 67,000
9,250	Alcan Aluminium Limited	405,800
7,500	Asbestos Corporation Limited	165,900
10,450	British Columbia Forest Products Limited	205,100
9,500	Canadian Industrial Gas and Oil Ltd.	137,800
19,800	Cassiar Asbestos Corporation Limited	301,900
15,000	Cominco Limited	641,300
10,000	Domtar Ltd.	188,700
18,000	Falconbridge Nickel Mines Limited	1,795,500
3,000	Fraser Companies, Limited	88,500
11,000	The Great Lakes Paper Company Limited	298,400
10,000	Home Oil Company Limited — Class "A"	181,200
6,600	Hudson Bay Mining & Smelting Co., Limited	556,100
6,100	Imperial Oil Limited	332,400
2,000	Interprovincial Pipe Line Company	164,000
3,000	Kerr-Addison Gold Mines, Limited	37,500
19,000	MacMillan, Bloedel Limited	517,800
51,510	McIntyre Porcupine Mines Limited	4,687,400
3,000	Noranda Mines Limited	159,000
10,000	The Patiño Mining Corporation	115,000
22,300	Placer Development Ltd.	574,200
35,217	Powell River-Alberni Sales Limited	614,100*
		\$12,234,600
		\$18,357,600

\*Unquoted securities — shown at cost.



